

Kennecott Eagle Minerals  
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April 22, 2011

Mr. Joe Maki  
Michigan Department of Environmental Quality (MDEQ)  
420 5<sup>th</sup> Street  
Gwinn, MI 49841

Dear Mr. Maki:

Subject: **Request for Amendment, Nonferrous Metallic Mineral Mining Permit  
MP012007, Kennecott Eagle Minerals Company**

In accordance with established procedures within Rio Tinto, and industry best practice, Kennecott Eagle Minerals Company (KEMC) has continued to evaluate its mine plan for the Eagle site to optimize mine operations once underway and, wherever possible, further improve the environmental controls incorporated into these operations. KEMC's approved mining plan embraces this process, recognizing that changes in the size or location of surface facilities at the site may be necessary once designs and operational needs are finalized.

In this connection, the MDEQ (formerly, Michigan Department of Natural Resources and Environment) approved the relocation of several surface facilities in August and October of 2010 that will result in safer operation and improved environmental control of surface activities. Incorporating these approved changes into the design, KEMC has further refined the optimal surface facility layout. The information provided with this letter describes modifications to locations of the surface facilities resulting from this process.

Importantly, none of these modifications will increase the overall footprint of the main surface operation – the surface facilities will be built within the existing fence line. Further, these changes will not require any changes to the specific conditions of Mine Permit No. MP012007 itself. As such, none of these surface modifications would require a significant change to the Permit or the mine plan incorporated into the Permit.

The originally permitted locations of the surface facilities are shown on Figure 4-2 of the mining plan, included in **Attachment 1** to this document. An updated General Arrangement (GA) depicting certain improvements that have been resized and/or relocated in light of the evaluation process and final design needs has been included in **Attachment 2**.

The resized/relocated surface facilities addressed in this request are:

- Compressor Building (formerly referred to as Maintenance Shop and Compressor Plant);
- Mine Dry/Office, Warehouse, and Emergency Response Facility;
- Fuel Canopy;
- Mine Substation;

- Visitor Parking Area;
- Employee Parking;
- Truck Scale;
- Coarse Ore Storage Building;
- Truck Wash;
- Construction Staging Area; and,
- Non-Potable Water Storage Tank.

As described in the following paragraphs, Kennecott has optimized the design and function of these surface facilities.

Mine administration and service facilities have been optimized, and accordingly, the names of those facilities have changed. As mentioned above, the Compressor Building was formerly referred to as the maintenance shop and compressor plant. The Mine Dry and Mine Office now house the warehouse (and loading dock), which was previously shown as a separate structure. The original building design has been further streamlined to a more modest design, resulting in a separate truck shop building for vehicle maintenance and a small facility for Mine Rescue and Safety (formerly called the Emergency Response Facility). The truck shop building will incorporate the same waste management practices and waste containment measures as was required for the maintenance shop under MP 012007. The resultant surface footprint change for this complex is approximately 1,500 square meters (m<sup>2</sup>) smaller than the original design.

The scope of the Coarse Ore Storage Building (COSA) has been reduced, per our August 4, 2010 letter regarding removal of crushing activities at the mine site due to availability of the Humboldt Mill. Further optimization includes re-locating the Truck Scale to the inside of the COSA. Instead of weighing at a separate building, the trucks will be weighed after loading in the COSA. This change reduces the number of surface facilities for reclamation and eliminates unnecessary processes for haul trucks. These building scope, location, and size changes result in a net reduction in surface infrastructure footprint by just over 7,700 m<sup>2</sup>.

In accordance with the conditions of the mine permit, the updates to KEMC's Mining and Reclamation Plan (M&RP) will be transmitted under a separate cover when KEMC receives the preferred format for the M&RP from the Michigan Department of Natural Resources (MDNR). Also, per our discussion, following construction and submittal of the annual report we will amend the financial assurance accordingly for changes to surface infrastructure.

We believe that these changes will further improve the environmental performance of the permitted surface facilities, which is our continued goal and one that we know is shared by your department. KEMC appreciates your time and consideration of this amendment request. Should you have questions please do not hesitate to contact me at 906-486-1257.

Sincerely,



Kristen Mariuzza, P.E.  
Environmental & Permitting Manager

cc: Tom Wellman, MDNR  
Dennis Donohue, WNJ

enclosure